

# House File 878 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ECONOMIC GROWTH  
(SUCCESSOR TO HF 509)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act providing for agricultural and industrial development,  
2 including by providing for research into initiatives relating  
3 to renewable energy, and providing for applicability and  
4 effective dates.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1648HV 82  
7 da/je/5

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1 1 DIVISION I  
1 2 RENEWABLE FUEL PROJECTS  
1 3 Section 1. Section 15G.201, unnumbered paragraph 1, Code  
1 4 2007, is amended to read as follows:  
1 5 As used in this ~~subchapter part~~, unless the context  
1 6 otherwise requires:  
1 7 Sec. 2. NEW SECTION. 15G.203A BIODIESEL INFRASTRUCTURE  
1 8 PROGRAM FOR PRIVATE USE MOTOR FUEL SITES.  
1 9 The department under the direction of the renewable fuel  
1 10 infrastructure board shall establish and administer a  
1 11 biodiesel infrastructure program for private use motor fuel  
1 12 sites.  
1 13 1. The purpose of the program is to improve a site other  
1 14 than a retail motor fuel site as provided in section 15G.203  
1 15 or a biodiesel terminal facility as provided in section  
1 16 15G.204, where motor fuel is used for the purpose of storing  
1 17 and dispensing the motor fuel for the person's sole use. The  
1 18 improvements shall be by installing, replacing, or converting  
1 19 motor fuel storage and dispensing infrastructure. The  
1 20 infrastructure must be designed and shall be used exclusively  
1 21 to store and dispense biodiesel or biodiesel blended fuel on  
1 22 the premises of the site.  
1 23 2. A person may apply to the department to receive  
1 24 financial incentives and the department shall process the  
1 25 application in the same manner as provided in section 15G.203.  
1 26 3. To all extent practical, the program shall be  
1 27 administered in conjunction with the programs provided in  
1 28 section 15.401.  
1 29 4. The infrastructure board shall approve cost-share  
1 30 agreements executed by the department and persons that the  
1 31 infrastructure board determines are eligible as provided in  
1 32 this section, according to terms and conditions required by  
1 33 the infrastructure board. The infrastructure board shall  
1 34 determine the amount of the financial incentives to be awarded  
1 35 to a person participating in the program. In order to be  
2 1 eligible to participate in the program all of the following  
2 2 must apply:  
2 3 a. The person must be an owner or operator of the site.  
2 4 b. The site must be used to store and dispense diesel  
2 5 fuel.  
2 6 c. The person must apply to the department in a manner and  
2 7 according to procedures required by the infrastructure board.  
2 8 The application must contain all information required by the  
2 9 infrastructure board and shall at least include all of the  
2 10 following:  
2 11 (1) The name of the person and the address of the private  
2 12 use motor fuel site to be improved.  
2 13 (2) A detailed description of the infrastructure to be  
2 14 installed, replaced, or converted, including but not limited  
2 15 to the model number of each installed, replaced, or converted  
2 16 motor fuel storage tank if available.

2 17 (3) A statement describing how the private use motor fuel  
2 18 site is to be improved, the total estimated cost of the  
2 19 planned improvement, and the date when the infrastructure will  
2 20 be first used to store and dispense biodiesel or biodiesel  
2 21 blended fuel.

2 22 (4) A statement certifying that the infrastructure shall  
2 23 not be used to store or dispense motor fuel other than  
2 24 biodiesel or biodiesel blended fuel, unless granted a waiver  
2 25 by the infrastructure board pursuant to this section.

2 26 5. A private use motor fuel site which is improved using  
2 27 financial incentives must comply with federal and state  
2 28 standards governing new or upgraded motor fuel storage tanks  
2 29 used to store and dispense biodiesel or biodiesel blended  
2 30 fuel. A site classified as a no further action site pursuant  
2 31 to a certificate issued by the department of natural resources  
2 32 under section 45B.474 shall retain its classification  
2 33 following modifications necessary to store and dispense  
2 34 biodiesel or biodiesel blended fuel and the owner or operator  
2 35 shall not be required to perform a new site assessment unless  
3 1 a new release occurs or if a previously unknown or unforeseen  
3 2 risk condition should arise.

3 3 6. The infrastructure board shall not approve a cost=share  
3 4 agreement which awards financial incentives to install,  
3 5 replace, or convert infrastructure associated with more than  
3 6 one motor fuel storage tank located at the same private use  
3 7 motor fuel site.

3 8 7. An award of financial incentives to a participating  
3 9 person shall be in the form of a grant.

3 10 a. In order to participate in the program an eligible  
3 11 person must execute a cost=share agreement with the department  
3 12 as approved by the infrastructure board in which the person  
3 13 contributes a percentage of the total costs related to  
3 14 improving the private use motor fuel site.

3 15 b. The financial incentives awarded to the participating  
3 16 person shall not exceed fifty percent of the actual cost of  
3 17 making the improvement or thirty thousand dollars, whichever  
3 18 is less. The infrastructure board may approve multiple awards  
3 19 to make improvements to a private use motor fuel site so long  
3 20 as the total amount of the awards does not exceed the  
3 21 limitations provided in this paragraph.

3 22 8. A participating person shall not use the infrastructure  
3 23 to store and dispense motor fuel other than biodiesel or  
3 24 biodiesel blended fuel, unless one of the following applies:

3 25 a. The participating person is granted a waiver by the  
3 26 infrastructure board. The participating person shall store or  
3 27 dispense the motor fuel according to the terms and conditions  
3 28 of the waiver.

3 29 b. The infrastructure fund is immediately repaid the total  
3 30 amount of moneys awarded to the participating person together  
3 31 with a monetary penalty equal to twenty=five percent of that  
3 32 awarded amount.

3 33 9. A participating person who acts in violation of an  
3 34 agreement executed with the department pursuant to this  
3 35 section is subject to a civil penalty of not more than one  
4 1 thousand dollars a day for each day of the violation. The  
4 2 civil penalty shall be deposited into the general fund of the  
4 3 state.

4 4 Sec. 3. Section 15G.205, subsection 3, Code 2007, is  
4 5 amended to read as follows:

4 6 3. Moneys in the renewable fuel infrastructure fund are  
4 7 appropriated to the department exclusively to support the  
4 8 renewable fuel infrastructure programs as provided in sections  
4 9 15G.203, ~~15G.203A~~, and 15G.204, as allocated in financial  
4 10 incentives by the renewable fuel infrastructure board as  
4 11 created in section 15G.202. Up to fifty thousand dollars  
4 12 shall be allocated each fiscal year to the department to  
4 13 support the administration of the programs. Otherwise the  
4 14 moneys shall not be transferred, used, obligated,  
4 15 appropriated, or otherwise encumbered except to allocate as  
4 16 financial incentives under the programs.

4 17 PART B

4 18 BIOMASS RESEARCH AND DEVELOPMENT INITIATIVES

4 19 Sec. 4. NEW SECTION. 15G.211 SPECIAL DEFINITIONS.

4 20 As used in this part, unless the context otherwise  
4 21 requires:

4 22 1. "Biofuel" means the same as defined in section 214A.1.

4 23 2. "Biomass" means organic material that is available on a  
4 24 renewable or recurring basis, including but not limited to  
4 25 crops; plants, including aquatic plants and grasses; residues;  
4 26 trees grown for energy production; wood waste and wood  
4 27 residues; fibers; animal wastes and other waste materials;

4 28 animal fats; and other fats, oils, and greases including  
4 29 recycled fats, oils, and greases.  
4 30 3. "Biorefinery" means equipment and processes that  
4 31 convert biomass into renewable fuel and coproducts.  
4 32 4. "Coproduct" means the same as defined in section  
4 33 159A.2.  
4 34 5. "Crop" means the same as defined in section 717A.1.  
4 35 6. "Department" means the department of economic  
5 1 development created in section 15.105.  
5 2 7. "Intellectual property" means any form or type of  
5 3 business, scientific, technical, or engineering information,  
5 4 including patterns, plans, compilations, programs, devices,  
5 5 formulas, designs, prototypes, methods, techniques, and  
5 6 processes, if all of the following apply:  
5 7 a. The owner of the information has taken reasonable  
5 8 measures to keep such information protected from public  
5 9 disclosure.  
5 10 b. The information derives independent economic value,  
5 11 including actual or potential economic value, from not being  
5 12 generally known or from not being readily ascertainable by the  
5 13 public using proper means.  
5 14 8. "Renewable fuel" means the same as defined in section  
5 15 214A.1.  
5 16 Sec. 5. NEW SECTION. 15G.212 DEPARTMENT AUTHORIZED TO  
5 17 PARTICIPATE IN FEDERAL BIOMASS RESEARCH AND DEVELOPMENT  
5 18 PROGRAMS.  
5 19 The department is authorized to cooperate with federal  
5 20 agencies and participate in federal programs including but not  
5 21 limited to programs under the federal Biomass Research and  
5 22 Development Act of 2000, 7 U.S.C. } 7624, et seq., in order to  
5 23 provide for the production of cost=competitive industrial  
5 24 products derived from biomass, including but not limited to  
5 25 biofuels, and associated agricultural or industrial coproducts  
5 26 which promise to provide environmentally benign product life  
5 27 cycles, promote rural economic development, and diversify  
5 28 energy resources.  
5 29 Sec. 6. NEW SECTION. 15G.213 INNOVATION PROJECT FOR THE  
5 30 PROCESSING OF FEEDSTOCK INTO ETHANOL.  
5 31 An innovation project for the processing of feedstock into  
5 32 ethanol is created.  
5 33 1. The innovation project shall be administered by the  
5 34 department as provided in this section.  
5 35 2. The purpose of the innovation project is to develop and  
6 1 commercialize all of the following:  
6 2 a. Technologies and methods necessary to cost=effectively  
6 3 manufacture ethanol and coproducts from feedstocks derived  
6 4 from all parts of a crop by a biorefinery. The innovation  
6 5 project shall at least consider the use of corn cobs, leaves,  
6 6 and stover as feedstock. The department may consider the best  
6 7 methods to reduce costs associated with the complete  
6 8 saccharification of cellulose and hemicellulose and to  
6 9 increase sugar yields derived from that process.  
6 10 b. Specialized crop varieties or hybrids to be used as  
6 11 feedstocks, which maximize the energy and coproducts value of  
6 12 crops produced at the lowest possible cost, and reduce costs  
6 13 of processing the associated feedstocks into ethanol and  
6 14 coproducts by a biorefinery.  
6 15 c. Equipment, including attachments to conventional  
6 16 equipment, used in crop production, including the simultaneous  
6 17 harvesting and separating of different crops, including grain  
6 18 leaves, cobs, and stover.  
6 19 d. Equipment for the bulk loading, unloading, or  
6 20 transporting of crop residue which may be used as biomass  
6 21 including grain, leaves, cobs, and stover.  
6 22 3. The innovation project shall develop methods and  
6 23 technologies used to increase ethanol production with the  
6 24 expansion of animal agriculture and its reliance upon  
6 25 unprocessed and processed crops and associated coproducts  
6 26 including distillers grain.  
6 27 4. In administering the innovation project, the department  
6 28 shall consult with the renewable fuel infrastructure board  
6 29 established pursuant to section 15G.202, or a committee of the  
6 30 board as appointed by the board.  
6 31 5. The innovation project shall be financed by state  
6 32 appropriations and contributions from other persons. The  
6 33 department shall not finance an innovation project unless the  
6 34 department receives a matching contribution from another  
6 35 source. The department may require that the contribution be a  
7 1 percentage of the financing in the form of money, services,  
7 2 material, or other in-kind contributions.  
7 3 6. The department shall issue requests for proposals and

7 4 select a qualified person to perform a research contract based  
7 5 on the scoring of those proposals, as required by the  
7 6 department.

7 7 a. The department shall execute a research contract with  
7 8 one or more of the following qualified persons selected to  
7 9 conduct the research:

7 10 (1) A department of an institution under the control of  
7 11 the state board of regents dedicated to researching increased  
7 12 ethanol production and the production of specialized crop  
7 13 varieties or hybrids to be used as feedstocks. A community  
7 14 college or private university or college is not precluded from  
7 15 participation.

7 16 (2) Any person involved in researching increased ethanol  
7 17 production or the production of specialized crop varieties or  
7 18 hybrids, including a business association, cooperative  
7 19 association, or nonprofit organization.

7 20 b. A person may protect intellectual property which is  
7 21 developed or results from work performed under a research  
7 22 contract.

7 23 c. A project under a research contract may be a  
7 24 collaborative venture by any combination of qualified persons.

7 25 d. A research contract may provide for conducting basic or  
7 26 applied research.

7 27 e. A research contract may provide for all of the  
7 28 following:

7 29 (1) The demonstration of technologies and methods  
7 30 necessary to cost-effectively manufacture and market ethanol  
7 31 and coproducts. The research contract may provide for the  
7 32 construction or refurbishment and operation of a biorefinery  
7 33 including a pilot plant or small scale facility.

7 34 (2) Methods to identify the genetic characteristics of  
7 35 promising crops and to target novel gene traits or incorporate  
8 1 those traits into crops for use by a biorefinery. A research  
8 2 contract may provide for trial production of specialized crop  
8 3 varieties or hybrids to be used as feedstocks by a  
8 4 biorefinery.

8 5 Sec. 7. NEW SECTION. 15G.214 INNOVATION PROJECT FOR THE  
8 6 SUSTAINABLE PRODUCTION OF CROPS USED AS AN ETHANOL FEEDSTOCK.

8 7 An innovation project for the sustainable production of  
8 8 crops used as an ethanol feedstock is created.

8 9 1. The innovation project shall be administered by Iowa  
8 10 state university as provided in this section.

8 11 2. The purpose of the innovation project is to provide for  
8 12 the sustainable production of crops used as feedstocks for the  
8 13 production of ethanol and coproducts by biorefineries, by  
8 14 conserving Iowa's land and water resources.

8 15 3. In administering the innovation project, Iowa state  
8 16 university shall, to every extent feasible, do all of the  
8 17 following:

8 18 a. Cooperate with the department, business associations,  
8 19 nonprofit organizations, and the federal government.

8 20 b. Consult with the renewable fuel infrastructure board  
8 21 created pursuant to section 15G.202, or a committee of the  
8 22 board as appointed by the board; the Leopold center for  
8 23 sustainable agriculture created in section 266.39; the  
8 24 department of natural resources created in section 455A.2; and  
8 25 the soil conservation division of the department of  
8 26 agriculture and land stewardship established in section  
8 27 161A.4.

8 28 4. The innovation project shall provide for the  
8 29 sustainable production of crops used as feedstocks for the  
8 30 production of ethanol and coproducts and provide for the  
8 31 expansion of animal agriculture.

8 32 5. In administering the innovation project, Iowa state  
8 33 university may provide for conducting basic or applied  
8 34 research. The university may do all of the following:

8 35 a. Develop specialized crop varieties or hybrids to be  
9 1 used as feedstocks and coproducts. The university may provide  
9 2 for the trial production of specialized crop varieties or  
9 3 hybrids to be used as feedstocks and coproducts.

9 4 b. Develop equipment, including attachments to  
9 5 conventional equipment used in the production of crops to be  
9 6 used as feedstock for biorefineries, including the  
9 7 simultaneous harvesting and separating of corn leaves, cobs,  
9 8 and stover from grain. The university may provide for the  
9 9 manufacture of prototype equipment used in the production of  
9 10 crops to be used as feedstocks.

9 11 c. Develop soil conservation or crop management practices  
9 12 designed for the production of crops to be used as feedstock  
9 13 for biorefineries, including crop production on highly  
9 14 erodible land or land in proximity to water sources, or

9 15 designed for the management of fertilizers and soil  
9 16 conditioners and pesticides. The university may provide for  
9 17 practices which account for nonstandard crop rotation cycles.  
9 18 The university may provide for projects which provide  
9 19 demonstrations of soil conservation or crop management  
9 20 practices.

9 21 Sec. 8. NEW SECTION. 15G.215 INNOVATION PROJECT FOR THE  
9 22 PROCESSING OF CORN AND THE MAXIMIZED COPRODUCTION OF  
9 23 DISTILLERS GRAIN SOLUBLES.

9 24 An innovation project for the processing of corn and the  
9 25 maximized coproduction of distillers grain solubles is  
9 26 created. The innovation project shall be administered by the  
9 27 department of agriculture and land stewardship as provided in  
9 28 this section.

9 29 1. The department of agriculture and land stewardship  
9 30 shall seek advice from persons designated from interested  
9 31 organizations, including all of the following:

- 9 32 a. The department of economic development.
- 9 33 b. A regents institution.
- 9 34 c. The Iowa farm bureau federation.
- 9 35 d. The Iowa pork producers association.
- 10 1 e. The Iowa cattlemen's association.
- 10 2 f. The Iowa poultry association.
- 10 3 g. The Iowa turkey federation.
- 10 4 h. The Iowa corn growers association.
- 10 5 i. The Iowa soybean association.
- 10 6 j. An organization of whose membership includes suppliers  
10 7 of commercial feed to agricultural animals.
- 10 8 k. An organization whose members include agricultural  
10 9 animal nutritionists.

10 10 2. A purpose of the innovation project is to assist  
10 11 biorefineries processing grain into ethanol and coproducts, by  
10 12 increasing the amount of high-quality distillers grain  
10 13 solubles for use in formulating rations fed to agricultural  
10 14 animals, especially swine, turkeys, and poultry. The  
10 15 department may provide assistance by providing for all of the  
10 16 following:

10 17 a. Conducting research to determine the nutritional  
10 18 profiles of distillers grain solubles for use in formulating  
10 19 rations fed to particular species of agricultural animals,  
10 20 especially swine, turkeys, and poultry, in order to achieve  
10 21 maximum performance. This portion of the innovation project  
10 22 shall finance studies involving a number of trials conducted  
10 23 at designated biorefineries in this state.

10 24 (1) The studies shall be conducted by a biorefinery in  
10 25 cooperation with interested persons approved by the  
10 26 department, which must include an agricultural animal  
10 27 nutritionist.

10 28 (2) The department shall cooperate with regents  
10 29 institutions, community colleges, or private universities or  
10 30 colleges, in order to provide education to producers of animal  
10 31 feeding operations regarding the innovation project and  
10 32 methods to benefit from studies conducted pursuant to this  
10 33 section.

10 34 b. Adopting quality management processes in order to  
10 35 provide for the coproduction of distillers grain solubles  
11 1 which maximize the nutritional value for use in formulating  
11 2 rations according to established standards. This portion of  
11 3 the innovation project shall be financed by state  
11 4 appropriations and contributions from other persons. The  
11 5 department may decline to finance an innovation project unless  
11 6 the department receives a matching contribution from another  
11 7 person. The department may require that the contribution be a  
11 8 percentage of the financing in the form of money, services,  
11 9 material, or other in-kind contributions.

11 10 3. The department may issue requests for proposals and  
11 11 select qualified persons to participate in the innovation  
11 12 project based on the scoring of those proposals as required by  
11 13 the department.

11 14 Sec. 9. NEW SECTION. 15G.216 WORKFORCE PROJECT FOR  
11 15 BIOREFINERY INDUSTRY TRAINING.

11 16 A workforce project for biorefinery industry training is  
11 17 created.

11 18 1. The workforce project shall be administered by the  
11 19 department as provided in this section.

11 20 2. The purpose of the workforce project is to train  
11 21 individuals to obtain full-time employment in the biorefinery  
11 22 industry, including but not limited to employment in fields  
11 23 related to the use of chemicals necessary to manufacture  
11 24 products, such as biofuels and coproducts, from feedstocks  
11 25 derived from grain or from all parts of a crop. The

11 26 department may provide for specialized training in ethanol  
11 27 production and biodiesel production.  
11 28 3. In administering the innovation project, the department  
11 29 shall consult with the renewable fuel infrastructure board  
11 30 created pursuant to section 15G.202, or a committee of the  
11 31 board as appointed by the board.  
11 32 4. The department shall provide for participation by  
11 33 community colleges in the workforce project based on the  
11 34 manner that projects are selected pursuant to section  
11 35 260C.18A.

12 1 5. A community college awarded a contract under this  
12 2 section may enter into an agreement with a biorefinery which  
12 3 is an eligible business pursuant to chapter 260E or 260F to  
12 4 provide program services as provided in those chapters.

12 5 Sec. 10. NEW SECTION. 15G.217 INNOVATION PROJECT FOR  
12 6 COMMERCIALIZATION OF ADVANCED BIOREFINERY TECHNOLOGY.

12 7 An innovation project for commercialization of advanced  
12 8 biorefinery technology is created. The innovation project  
12 9 shall be administered by the department as provided in this  
12 10 section.

12 11 1. The purpose of the innovation project is to provide for  
12 12 the installation of advanced technology at a biorefinery in  
12 13 order to maximize the processing of biomass into biofuel and  
12 14 associated coproducts.

12 15 a. The installation of the advanced technology shall be  
12 16 used to demonstrate its development as a commercially feasible  
12 17 alternative to conventional technology used by biorefineries.

12 18 b. The advanced technology may address methods to maximize  
12 19 the value of feedstocks used to manufacture biofuel or  
12 20 associated coproducts, reduce costs associated with  
12 21 production, or minimize the effect upon natural resources,  
12 22 including water resources, used in production. Any method  
12 23 developed to enhance soil and water conservation shall be made  
12 24 available to interested persons including but not limited to  
12 25 soil and water conservation districts.

12 26 2. The department may issue requests for proposals and  
12 27 select qualified persons to participate in the innovation  
12 28 project based on the scoring of those proposals as required by  
12 29 the department.

12 30 3. An innovation project shall be financed by state  
12 31 appropriations and contributions from other persons. The  
12 32 department may require as a condition to financing that it  
12 33 receive a contribution from another person. The department  
12 34 may require that the contribution be in the form of money,  
12 35 services, material, or other in-kind contributions.

13 1 Sec. 11. NEW SECTION. 15G.218 REPORT.

13 2 1. By January 15 of each year, the department, in  
13 3 cooperation with Iowa state university, shall submit a report  
13 4 regarding projects provided for in this part.

13 5 2. The report required in this section shall be included  
13 6 as a part of that part of a report required to be submitted to  
13 7 the governor and general assembly by the department regarding  
13 8 projects supported from the grow Iowa values fund as provided  
13 9 in section 15.104.

#### 13 10 PART C

#### 13 11 RENEWABLE ENERGY PHYSICAL INFRASTRUCTURE

13 12 Sec. 12. NEW SECTION. 15G.221 DEFINITIONS.

13 13 As used in this part, unless the context otherwise  
13 14 requires:

13 15 1. "Department" means the Iowa department of economic  
13 16 development created in section 15.105.

13 17 2. "Renewable energy" means energy sources including but  
13 18 not limited to wind turbine, solar, waste management,  
13 19 refuse-derived fuel, hydroelectric, agricultural crops or  
13 20 residues, and woodburning.

13 21 3. "Renewable energy physical infrastructure development  
13 22 or redevelopment projects" means projects relating to  
13 23 construction or creation of physical infrastructure necessary  
13 24 for advanced manufacturing projects which the department  
13 25 determines contribute, in whole or in part, to the support and  
13 26 advancement of or partnering with renewable energy initiatives  
13 27 in this state.

13 28 Sec. 13. NEW SECTION. 15G.222 RENEWABLE ENERGY PHYSICAL  
13 29 INFRASTRUCTURE FINANCIAL ASSISTANCE PROGRAM.

13 30 1. The department shall establish a renewable energy  
13 31 physical infrastructure financial assistance program to  
13 32 provide financial assistance for renewable energy physical  
13 33 infrastructure development or redevelopment projects in this  
13 34 state. Renewable energy physical infrastructure development  
13 35 or redevelopment projects that create the necessary  
14 1 infrastructure for renewable energy throughout the state, that

14 2 provide the opportunity for the creation of quality, high-wage  
14 3 jobs, and that involve substantial capital investment are  
14 4 eligible for financial assistance under the program if the  
14 5 projects could not be assisted through or would not be  
14 6 eligible for financial assistance from other existing private,  
14 7 local, or state funds or programs.

14 8 2. The department shall by rule establish procedures and  
14 9 guidelines for the program, including application forms and  
14 10 award criteria, and shall coordinate distributions from the  
14 11 renewable energy physical infrastructure financial assistance  
14 12 program fund established in section 15G.223. In establishing  
14 13 the procedures and guidelines, the department shall consult  
14 14 with the department of agriculture and land stewardship, the  
14 15 department of natural resources, the utilities board, and any  
14 16 other appropriate state agency responsible for the development  
14 17 or redevelopment of renewable energy physical infrastructure  
14 18 in this state to ensure that activities conducted pursuant to  
14 19 this section are consistent with the policies and plans of  
14 20 other state agencies and are coordinated with other renewable  
14 21 energy physical infrastructure projects.

14 22 Sec. 14. NEW SECTION. 15G.223 RENEWABLE ENERGY PHYSICAL  
14 23 INFRASTRUCTURE FINANCIAL ASSISTANCE PROGRAM == FUND  
14 24 ESTABLISHED.

14 25 1. A renewable energy physical infrastructure financial  
14 26 assistance program fund is established in the state treasury  
14 27 under the control of the department. The fund shall consist  
14 28 of appropriations made to the fund and other moneys available  
14 29 to and obtained or accepted by the department from federal or  
14 30 private sources to the credit of the fund. Notwithstanding  
14 31 section 12C.7, subsection 2, interest or earnings on moneys in  
14 32 the fund shall be credited to the fund.

14 33 2. Moneys available in the fund for a fiscal year are  
14 34 appropriated to the department to be used for the purpose of  
14 35 providing financial assistance under section 15G.222, in the  
15 1 form of grants, loans, forgivable loans, guaranteed loans,  
15 2 cost-sharing, indemnification of costs, or any combination of  
15 3 financial assistance deemed by the department to be most  
15 4 efficient in facilitating a renewable energy physical  
15 5 infrastructure project.

15 6 3. In administering the fund, the department may enter  
15 7 into contracts and sue or be sued, but shall not in any manner  
15 8 directly or indirectly pledge the credit of the state. The  
15 9 department may authorize payment of costs, commissions,  
15 10 attorney fees, consultant fees, and other reasonable expenses  
15 11 from the fund. Expenses may include costs relating to  
15 12 carrying out the duties necessary for insuring or guaranteeing  
15 13 loans, cosharing or indemnifying costs under the program, and  
15 14 the recovery of loans insured or guaranteed or costs coshared  
15 15 or indemnified, or the management of property acquired in  
15 16 connection with such grants, loans, or costs.

15 17 4. Notwithstanding section 8.33, moneys in the fund shall  
15 18 not revert.

15 19 Sec. 15. Section 15.335, subsection 1, unnumbered  
15 20 paragraph 1, Code 2007, is amended to read as follows:

15 21 An eligible business may claim a corporate tax credit for  
15 22 increasing research activities in this state during the period  
15 23 the eligible business is participating in the program. For  
15 24 purposes of this section, "research activities" includes the  
15 25 development and deployment of innovative renewable energy  
15 26 generation components manufactured or assembled in this state.  
15 27 For purposes of this section, "innovative renewable energy  
15 28 generation components" does not include a component with more  
15 29 than two hundred megawatts of installed effective nameplate  
15 30 capacity. The tax credits for innovative renewable energy  
15 31 generation components shall not exceed ~~one~~ five million  
15 32 dollars.

15 33 Sec. 16. NEW SECTION. 214A.2B STATE LABORATORY FOR MOTOR  
15 34 FUEL AND BIOFUEL.

15 35 A state laboratory for motor fuel and biofuel is  
16 1 established at Iowa central community college. The state  
16 2 laboratory shall conduct testing of motor fuel sold in this  
16 3 state and biofuel which is blended in motor fuel in this state  
16 4 to ensure that the motor fuel or biofuel meets the  
16 5 requirements of section 214A.2.

16 6 Sec. 17. NEW SECTION. 266.17 AGRICULTURAL=  
16 7 BIOMANUFACTURING INITIATIVE.

16 8 1. As used in this section, unless the context otherwise  
16 9 requires:

16 10 a. "Agricultural animal" means the same as defined in  
16 11 section 717A.1.

16 12 b. "Biomanufacturing" means the manufacturing of products

16 13 derived from processing biomass as a substitute for petroleum,  
16 14 including but not limited to the production of renewable fuel  
16 15 and other high-value products and coproducts used in  
16 16 formulating rations fed to agricultural animals.  
16 17 c. "Biomass" means the same as defined in section 15G.211.  
16 18 d. "Crop" means the same as defined in section 717A.1.  
16 19 e. "Renewable fuel" means the same as defined in section  
16 20 214A.1.

16 21 2. a. An agricultural=biomanufacturing initiative is  
16 22 created at Iowa state university. The university shall  
16 23 provide a synergetic approach to carry out the following  
16 24 purposes:

16 25 (1) Conserve or enhance soil and water resources required  
16 26 for agricultural production and maximize the production of  
16 27 crops for animal agriculture and biomanufacturing.

16 28 (2) Develop and improve quality management processes used  
16 29 in biomanufacturing, including but not limited to improving  
16 30 efficiencies in the use of resources including feedstocks and  
16 31 water resources.

16 32 b. In carrying out the purpose of the  
16 33 agricultural=biomanufacturing initiative, the university may  
16 34 develop all of the following:

16 35 (1) Technologies and methods which simultaneously maximize  
17 1 the value of crops used as feedstock in biomanufacturing  
17 2 products and coproducts.

17 3 (2) Genetic characteristics in crops and agricultural  
17 4 animals which simultaneously maximize agricultural production  
17 5 and increase efficiencies in biomanufacturing products and  
17 6 coproducts.

17 7 (3) Agricultural practices and biomanufacturing processes  
17 8 which enhance Iowa's natural resources while ensuring that the  
17 9 state is competitively viable in both the production of  
17 10 agricultural animals and biomanufacturing.

17 11 Sec. 18. Section 422.10, subsection 3, Code 2007, is  
17 12 amended by adding the following new unnumbered paragraph:

17 13 NEW UNNUMBERED PARAGRAPH. For purposes of this section,  
17 14 "research activities" means activities including but not  
17 15 limited to the development and deployment of innovative  
17 16 renewable energy generation components manufactured or  
17 17 assembled in this state.

17 18 Sec. 19. Section 422.33, subsection 5, Code 2007, is  
17 19 amended by adding the following new paragraph:

17 20 NEW PARAGRAPH. h. For purposes of this subsection,  
17 21 "research activities" includes but is not limited to the  
17 22 development and deployment of innovative renewable energy  
17 23 generation components manufactured or assembled in this state.

17 24 Sec. 20. BIORENEWABLE FUELS BUILDING AND RESEARCH STAFF.  
17 25 Iowa state university may plan, design, and construct a new  
17 26 biorenewable fuels building and employ additional staff with  
17 27 expertise necessary in order to carry out the purposes of  
17 28 section 266.17, as enacted in this Act.

17 29 Sec. 21. EFFECTIVE AND APPLICABILITY DATES. The sections  
17 30 of this Act, amending sections 15.335, 422.10, and 422.33,  
17 31 being deemed of immediate importance, take effect upon  
17 32 enactment and are retroactively applicable to January 1, 2007.

17 33 DIVISION II  
17 34 IOWA POWER FUND

17 35 Sec. 22. NEW SECTION. 469.1 DEFINITIONS.

18 1 For the purposes of this chapter:

18 2 1. "Council" means the Iowa power fund partnership council  
18 3 created in section 469.4.

18 4 2. "Director" means the director of renewable energy.

18 5 3. "Fund" means the Iowa power fund created in section  
18 6 469.5.

18 7 4. "Office" means the governor's office of renewable  
18 8 energy.

18 9 Sec. 23. NEW SECTION. 469.2 OFFICE OF RENEWABLE ENERGY.  
18 10 The office of renewable energy is established in the office  
18 11 of the governor to coordinate state activities concerning  
18 12 renewable energy.

18 13 Sec. 24. NEW SECTION. 469.3 DIRECTOR OF RENEWABLE  
18 14 ENERGY.

18 15 1. A director of renewable energy shall be appointed by  
18 16 the governor, subject to confirmation by the senate, and shall  
18 17 serve at the pleasure of the governor. The governor shall  
18 18 fill a vacancy in the office in the same manner as the  
18 19 original appointment was made. The director shall be selected  
18 20 primarily for administrative ability and knowledge concerning  
18 21 renewable energy. The salary of the director shall be fixed  
18 22 by the governor.

18 23 2. The director shall do all of the following:



18 24 a. Direct the governor's office of renewable energy.  
18 25 b. Manage the Iowa power fund.  
18 26 c. Lead outreach and public education efforts concerning  
18 27 renewable energy.  
18 28 d. Pursue new research and investment funds from federal  
18 29 and private sources.  
18 30 e. Coordinate and monitor all existing state and federal  
18 31 renewable energy grants and programs.  
18 32 f. Advise the governor and lieutenant governor concerning  
18 33 renewable energy policy and legislation.  
18 34 g. Establish performance measures for determining  
18 35 effectiveness of renewable energy efforts.  
19 1 h. Submit an annual report to the governor and general  
19 2 assembly by November 1 of each year concerning the activities  
19 3 and programs of the office, Iowa power fund, and other  
19 4 departments related to renewable energy. The report shall  
19 5 include an assessment of needs with respect to renewable  
19 6 energy efforts.  
19 7 i. Adopt rules pursuant to chapter 17A concerning the  
19 8 office, the Iowa power fund, and the programs and functions of  
19 9 the office and the fund.

19 10 Sec. 25. NEW SECTION. 469.4 IOWA POWER FUND PARTNERSHIP  
19 11 COUNCIL.

19 12 1. A nine-member Iowa power fund partnership council is  
19 13 created with the following membership:  
19 14 a. The chairperson of the utilities board or the  
19 15 chairperson's designee.  
19 16 b. The director of the department of economic development  
19 17 or the director's designee.  
19 18 c. The director of the department of natural resources or  
19 19 the director's designee.  
19 20 d. Six members appointed by the governor subject to  
19 21 confirmation by the senate. An appointee shall have  
19 22 demonstrated experience or expertise in one or more of the  
19 23 fields of renewable energy, biofuels, research and development  
19 24 of new technologies, commercialization of new technologies,  
19 25 and economic development.  
19 26 2. The members appointed by the governor shall be  
19 27 appointed for three-year staggered terms beginning and ending  
19 28 as provided in section 69.19. A vacancy on the council shall  
19 29 be filled for the unexpired term in the same manner as the  
19 30 original appointment was made.  
19 31 3. The members of the council shall be reimbursed for  
19 32 actual and necessary travel and related expenses incurred in  
19 33 the discharge of official duties. Each member of the council  
19 34 may also be eligible to receive compensation as provided in  
19 35 section 7E.6.

20 1 4. A majority of the members of the council constitutes a  
20 2 quorum, and a majority of the total membership of the council  
20 3 is necessary to act in any matter within the jurisdiction of  
20 4 the council.  
20 5 5. The duties of the council include all of the following:  
20 6 a. Consider and approve grants, loans, or investments made  
20 7 from the fund.  
20 8 b. Advise the governor and director concerning strategic  
20 9 direction for the fund.  
20 10 c. Provide the governor with advice concerning economic  
20 11 development, policy, technical issues, and strategic direction  
20 12 concerning renewable energy.

20 13 Sec. 26. NEW SECTION. 469.5 IOWA POWER FUND.

20 14 1. The Iowa power fund is created in the state treasury  
20 15 under the control of the office. The fund shall be separate  
20 16 from the general fund of the state and the balance in the fund  
20 17 shall not be considered part of the balance of the general  
20 18 fund of the state. However, the fund shall be considered a  
20 19 special account for the purposes of section 8.53, relating to  
20 20 generally accepted accounting principles.

20 21 2. The fund shall consist of appropriations made to the  
20 22 fund and other moneys available to and obtained or accepted by  
20 23 the office from federal or private sources to the credit of  
20 24 the fund. Notwithstanding section 12C.7, subsection 2,  
20 25 interest or earnings on moneys in the fund shall be credited  
20 26 to the fund.

20 27 3. Moneys available in the fund for a fiscal year are  
20 28 appropriated to the office to be used in developing or  
20 29 expanding industries involving renewable energy, alternate  
20 30 energy, no or low pollution energy technologies, biofuel,  
20 31 energy efficiency, other energy-related approaches, in  
20 32 commercializing and increasing the demand for such  
20 33 technologies and approaches, and other purposes designated in  
20 34 law for the fund.

20 35 4. Except as otherwise designated by law, the office shall  
21 1 not utilize more than three percent of the amount appropriated  
21 2 from the fund for a fiscal year for administrative costs.

21 3 5. Notwithstanding section 8.33, moneys credited to the  
21 4 Iowa power fund shall not revert to the fund from which  
21 5 appropriated.

21 6 Sec. 27. EFFECTIVE DATE. This division of this Act, being  
21 7 deemed of immediate importance, takes effect upon enactment.

21 8 EXPLANATION

21 9 GENERAL. This bill establishes a number of programs  
21 10 related to renewable energy, including the production of  
21 11 biomass that is available on a renewable or recurring basis  
21 12 and the production of renewable fuel and associated coproducts  
21 13 (i.e., feed for agricultural animals). The bill also provides  
21 14 for other types of energy such as energy produced by wind  
21 15 turbine power.

21 16 BIODIESEL INFRASTRUCTURE PROGRAM. The bill amends Code  
21 17 chapter 15G, subchapter II by providing for biodiesel and  
21 18 biodiesel infrastructure. The bill creates a biodiesel  
21 19 infrastructure program for private use motor fuel sites based  
21 20 on a similar program created in Code section 15G.203 for  
21 21 retail motor fuel sites which is supported by the renewable  
21 22 fuel infrastructure fund created in Code section 15G.205.  
21 23 This program is also administered by the department of  
21 24 economic development and the renewable fuel infrastructure  
21 25 board. The bill supports the improvement of nonretail motor  
21 26 fuel sites by installing, replacing, or converting motor fuel  
21 27 storage and dispensing infrastructure associated with  
21 28 biodiesel or biodiesel blended fuel.

21 29 BIOMASS RESEARCH AND DEVELOPMENT INITIATIVES. The bill  
21 30 amends Code chapter 15G, subchapter II, by creating a new part  
21 31 regarding biomass research and development initiatives.

21 32 The bill authorizes the department of economic development  
21 33 to participate with federal agencies and participate in  
21 34 federal programs in order to provide for the production of  
21 35 cost-competitive industrial products derived from biomass.

22 1 The bill creates an innovation project for the processing  
22 2 of feedstock into ethanol to be administered by the  
22 3 department. The purpose of the innovation project is to  
22 4 develop and commercialize: (1) technologies and methods  
22 5 necessary to cost-effectively manufacture ethanol and  
22 6 coproducts from feedstocks derived from all parts of a crop by  
22 7 a biorefinery, (2) specialized crop varieties or hybrids used  
22 8 as feedstocks, (3) equipment used in crop production used to  
22 9 produce feedstocks used by biorefineries, and (4) equipment  
22 10 for bulk transporting of crop residue. The innovation project  
22 11 must further methods and technologies used to increase ethanol  
22 12 production with the expansion of animal agriculture. The  
22 13 department is required to issue requests for proposals and  
22 14 execute a research contract with a qualified person selected  
22 15 to conduct the research. The research contract may provide  
22 16 for basic or applied research, and may provide for  
22 17 demonstration projects.

22 18 The bill creates an innovation project for the sustainable  
22 19 production of crops used as an ethanol feedstock to be  
22 20 administered by Iowa state university. The purpose of the  
22 21 innovation project is to provide for the sustainable  
22 22 production of crops used as feedstocks for the production of  
22 23 ethanol and coproducts by biorefineries, and to provide for  
22 24 the expansion of animal agriculture and its reliance upon  
22 25 unprocessed and processed crops. The bill provides that Iowa  
22 26 state university may provide for basic or applied research.  
22 27 The university may develop specialized crop varieties or  
22 28 hybrids used as feedstocks and coproducts. The university may  
22 29 provide for trial production and demonstration projects.

22 30 The bill establishes an innovation project for the  
22 31 processing of corn and maximized coproduction of distillers  
22 32 grain solubles administered by the department of agriculture  
22 33 and land stewardship. The purposes of the innovation project  
22 34 are to assist biorefineries processing grain into ethanol and  
22 35 coproducts by: (1) increasing the amount of high-quality  
23 1 distillers grain soluble for use in formulating rations fed  
23 2 to agricultural animals, and (2) adopting quality management  
23 3 processes in order to provide for the coproduction of  
23 4 distillers grain solubles which maximize their nutritional  
23 5 value for use in formulating those rations.

23 6 The bill creates a workforce project for biorefinery  
23 7 industry training as administered by the department of  
23 8 economic development. The purpose of the workforce project is  
23 9 to train individuals to obtain full-time employment in the  
23 10 biorefinery industry. The department must issue requests for

23 11 proposals and award a contract to two community colleges.  
23 12 The bill establishes an innovation project for  
23 13 commercialization of advanced biorefinery technology  
23 14 administered by the department of economic development. The  
23 15 purpose of the project is to provide for the installation of  
23 16 advanced technology at a biorefinery in order to maximize the  
23 17 processing of biomass into biofuel and associated coproducts.  
23 18 The bill creates an agricultural=biomanufacturing  
23 19 initiative at Iowa state university. According to the bill,  
23 20 biomanufacturing is the manufacturing of products derived from  
23 21 the processing of biomass as a substitute for petroleum (such  
23 22 as biofuels including ethanol and biodiesel and coproducts).  
23 23 The bill requires the university to provide a synergetic  
23 24 approach to support the conservation of resources necessary  
23 25 for the production of crops for animal agriculture and  
23 26 biomanufacturing and develop and improve processes and  
23 27 products associated with biomanufacturing.  
23 28 The bill provides that Iowa state university may provide  
23 29 for a new biorenewable fuels building and employ additional  
23 30 staff.

23 31 PHYSICAL INFRASTRUCTURE ASSISTANCE PROGRAM. The bill  
23 32 creates a renewable energy physical infrastructure financial  
23 33 assistance program within the department of economic  
23 34 development. The purpose of the program is to provide  
23 35 financial assistance for renewable energy physical  
24 1 infrastructure development or redevelopment projects in this  
24 2 state. The bill defines a "renewable energy physical  
24 3 infrastructure development or redevelopment project" to refer  
24 4 to projects relating to construction or creation of physical  
24 5 infrastructure necessary for advanced manufacturing projects  
24 6 which the department determines contribute, in whole or in  
24 7 part, to the support and advancement of or partnering with  
24 8 renewable energy initiatives in this state. The bill provides  
24 9 that projects that create the necessary infrastructure for  
24 10 renewable energy throughout the state, that provide the  
24 11 opportunity for the creation of quality, high-wage jobs, and  
24 12 that involve substantial capital investment are eligible for  
24 13 financial assistance under the program, if the projects could  
24 14 not be assisted through or would not be eligible for financial  
24 15 assistance from other existing private, local, or state funds  
24 16 or programs.

24 17 The bill provides that the department shall by rule  
24 18 establish procedures and guidelines for the program, including  
24 19 application forms and award criteria, in coordination with  
24 20 other interested state agencies, and shall coordinate  
24 21 distributions from a renewable energy physical infrastructure  
24 22 financial assistance program fund established in the bill  
24 23 under the control of the department. The bill provides that  
24 24 moneys available in the fund for a fiscal year are  
24 25 appropriated to the department to be used for the purpose of  
24 26 providing financial assistance to program applicants in the  
24 27 form of grants, loans, forgivable loans, guaranteed loans,  
24 28 cost sharing, indemnification of costs, or any combination of  
24 29 financial assistance deemed by the department to be most  
24 30 efficient in facilitating a physical infrastructure project.  
24 31 The bill specifies the authority of the department in  
24 32 administering the fund.

24 33 Additionally, the bill expands or modifies research and  
24 34 development tax credits. The bill increases the tax credit  
24 35 for innovative renewable energy generation components  
25 1 available in Code section 15.335 from an amount not to exceed  
25 2 \$1 million to an amount not to exceed \$5 million, and provides  
25 3 a definition of "research activities" applicable to the tax  
25 4 credits for increasing research activities contained in Code  
25 5 sections 422.10 and 422.33 as referring to the development and  
25 6 deployment of innovative renewable energy generation  
25 7 components manufactured or assembled in this state.

25 8 The provisions of the bill amending Code sections 15.335,  
25 9 427.10, and 422.33 take effect upon enactment, and are  
25 10 retroactively applicable to January 1, 2007.

25 11 OFFICE OF RENEWABLE ENERGY. The bill creates the  
25 12 governor's office of renewable energy, the position of  
25 13 director of renewable energy, the Iowa power fund partnership  
25 14 council, and the Iowa power fund in new Code chapter 469.  
25 15 Duties for the office, director, and council are specified.  
25 16 Grants, loans, and investments made from the fund are subject  
25 17 to approval by the council.

25 18 This part of the bill takes effect upon enactment.

25 19 LSB 1648HV 82

25 20 da:rj/je/5.1